

AMENDED IN ASSEMBLY MARCH 31, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1259

Introduced by Assembly Member Daucher
(Coauthor: Assembly Member Cogdill)

February 22, 2005

An act to add Section 96.85 to the Revenue and Taxation Code, relating to property taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1259, as amended, Daucher. Property tax revenue allocation.

~~Existing~~

(1) *Existing* property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. *Existing law requires the housing element of the general plan of a city or county to include, among other things, a program with a 5-year schedule of actions that the local government is undertaking or intends to undertake to implement the goals and objectives of the housing element, as specified.*

This bill would, beginning with the 2006-07 fiscal year, require the county auditor to increase the total amount of ad valorem property tax revenue otherwise required to be allocated to a qualified city, qualified county, and qualified city and county, as defined, by a housing bonus amount, as defined. This bill would also require the county auditor to commensurately reduce the total amount of ad

valorem property tax revenue otherwise required to be allocated to all other local agencies, as defined, in the county by the countywide housing bonus amount, as specified. This bill would define a qualified city, qualified county, and qualified city and county as an entity that has exceeded 80% of the Regional Housing Needs Allocation established for the entity, as provided, as certified by the Department of Housing and Community Development.

(2) By changing the manner in which ad valorem property tax revenues are allocated by county auditors, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(3) This bill would change the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county, within the meaning of paragraph (3) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

~~Existing law also determines the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county, within the meaning of paragraph (3) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution, which requires for any change the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.~~

~~This bill would declare the Legislature's intent to enact legislation that would reward cities and counties that exceed 80% of their Regional Housing Need Assessment (RHNA) goals over a 5-year period with an increased share of the annual tax increment that is allocated among local agencies in a county.~~

Vote: ~~majority~~ $\frac{2}{3}$. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 96.85 is added to the Revenue and*
2 *Taxation Code, to read:*

3 *96.85. Notwithstanding any other provision of law, in*
4 *allocating ad valorem property tax revenues for the 2006-07*
5 *fiscal year and for each fiscal year thereafter, all of the following*
6 *apply:*

7 *(a) (1) The auditor shall increase the total amount of ad*
8 *valorem property tax revenue otherwise required to be allocated*
9 *to each qualified city, qualified county, and qualified city and*
10 *county by the housing bonus amount. The housing bonus amount*
11 *may be used by the qualified city, qualified county, and qualified*
12 *city and county for any public purpose.*

13 *(2) (A) The auditor shall decrease the total amount of ad*
14 *valorem property tax revenue otherwise required to be allocated*
15 *to all local agencies in the county that are not a qualified city, a*
16 *qualified county, or a qualified city and county by the countywide*
17 *housing bonus amount.*

18 *(B) The reduction required by subparagraph (A) shall be*
19 *apportioned among each local agency in the county that is not a*
20 *qualified city, a qualified county, or a qualified city and county.*
21 *The reduction for each of these local agencies shall be the*
22 *percentage share of the total reduction that is equal to the*
23 *proportion that the total amount of ad valorem property tax*
24 *revenue that is otherwise required to be allocated to the local*
25 *agency bears to the total amount of ad valorem property tax*
26 *revenue that is otherwise required to be allocated to all local*
27 *agencies in a county that are not a qualified city, a qualified*
28 *county, or a qualified city and county.*

29 *(b) For purposes of this section:*

30 *(1) (A) "Housing bonus amount" means an amount*
31 *determined by the county auditor that is equal to the difference*
32 *between the following two amounts:*

33 *(i) The difference between the following two amounts:*

34 *(I) The total amount of ad valorem property tax revenue*
35 *derived, for the current fiscal year, from the application of the*
36 *rate described in subdivision (b) of Section 93 to the value of a*
37 *qualified parcel designated pursuant to subparagraph (B) of*
38 *paragraph (4).*

1 ~~(II) The total amount of ad valorem property tax revenue~~
2 ~~derived, for the immediately preceding fiscal year, from the~~
3 ~~application of the rate described in subdivision (b) of Section 93~~
4 ~~to the value of a qualified parcel designated pursuant to~~
5 ~~subparagraph (B) of paragraph (4).~~

6 ~~(ii) An amount equal to that portion of the amount determined~~
7 ~~under clause (i) that is otherwise required by law to be allocated~~
8 ~~to school entities, as defined in subdivision (f) of Section 95, in~~
9 ~~the county for the current fiscal year.~~

10 ~~(B) A housing bonus amount shall be paid to a qualified city, a~~
11 ~~qualified county, and a qualified city and county for 10~~
12 ~~consecutive fiscal years, beginning with the fiscal year that~~
13 ~~immediately follows a fiscal year in which a city, county, or city~~
14 ~~and county designates qualified parcels within its jurisdiction~~
15 ~~pursuant to subparagraph (B) of paragraph (4).~~

16 ~~(2) “Countywide housing bonus amount” means the total sum~~
17 ~~of the amounts described in paragraph (1) for a fiscal year~~
18 ~~within a county or a city and county for all of the qualified cities~~
19 ~~in the county or city and county and, if applicable, the qualified~~
20 ~~county or qualified city and county.~~

21 ~~(3) (A) “Qualified city” means a city, “qualified county”~~
22 ~~means a county, and “qualified city and county” means a city~~
23 ~~and county that has exceeded 80 percent of its share of the~~
24 ~~Regional Housing Needs Allocation for any five-year planning~~
25 ~~period, as determined by the Department of Housing and~~
26 ~~Community Development, a council of governments, or a city, a~~
27 ~~county, or a city and county pursuant to Sections 65584 to~~
28 ~~65584.2, inclusive, of the Government Code. If that share~~
29 ~~includes housing at an affordable cost, as defined in Section~~
30 ~~50052.5 of the Health and Safety Code, and housing at an~~
31 ~~affordable rent, as defined in Section 50053 of the Health and~~
32 ~~Safety Code, the deeds of the housing at an affordable cost shall~~
33 ~~contain a covenant restricting the housing to that use for 45~~
34 ~~years, and the deeds of the housing at an affordable rent shall~~
35 ~~contain a covenant restricting the housing to that use for 55~~
36 ~~years.~~

37 ~~(B) The Department of Housing and Community Development~~
38 ~~shall certify whether a city, county, or city and county is a~~
39 ~~qualified city, qualified county, or qualified city and county and~~

1 shall notify the auditor of each applicable county or city and
2 county of these entities.

3 (4) (A) “Qualified parcel” means a parcel of real property
4 upon which housing was constructed to fulfill the Regional
5 Housing Needs Allocation described in paragraph (3).

6 (B) A qualified city, qualified county, and qualified city and
7 county that seeks to receive a housing bonus amount shall
8 designate the qualified parcels within its jurisdiction from which
9 a housing bonus amount will be determined and shall notify the
10 county auditor of the assessor’s parcel number of these parcels
11 on or before July 1 of the first fiscal year for which a housing
12 bonus amount is due to that entity. A qualified city, qualified
13 county, and qualified city and county shall not designate a
14 qualified parcel located in a redevelopment area for a housing
15 bonus amount. The percentage of qualified parcels that a
16 qualified city, a qualified county, and a qualified city and county
17 may designate for a housing bonus payment shall not exceed the
18 percentage by which the entity exceeded 80 percent of its
19 Regional Housing Needs Allocation.

20 (c) For the 2007-08 fiscal year and each fiscal year
21 thereafter, the amounts determined under subdivision (a) of
22 Section 96.1, or any successor to that provision, shall not reflect,
23 for a preceding fiscal year, any portion of any allocation
24 required by this section.

25 SEC. 2. If the Commission on State Mandates determines that
26 this act contains costs mandated by the state, reimbursement to
27 local agencies and school districts for those costs shall be made
28 pursuant to Part 7 (commencing with Section 17500) of Division
29 4 of Title 2 of the Government Code.

30 ~~SECTION 1. It is the intent of the Legislature to enact~~
31 ~~legislation that would reward cities and counties that exceed 80~~
32 ~~percent of their Regional Housing Need Assessment (RHNA)~~
33 ~~goals over a five-year period with an increased share of the~~
34 ~~annual tax increment that is allocated among local agencies in a~~
35 ~~county.~~